

Stresses Need for Legislation

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(Washington, DC) – Rep. Luis V. Gutierrez (D-IL) applauded Thursday's announcement by Federal Trade Commission (FTC) Chairman Jon Leibowitz of a new FTC Final Rule to protect consumers of debt relief services. "The FTC Final Rule will help provide fairness to consumers of debt relief services and transparency to the business of debt settlement companies. It is a welcome and much-needed measure," Gutierrez said. The FTC Final Rule, and further information on the Rule, is available at: <http://ftc.gov/opa/2010/07/tsr.shtm>

In May, Rep. Gutierrez, Chair of the House Subcommittee on Financial Institutions and Consumer Credit, introduced the "Debt Settlement Consumer Protection Act" (H.R. 5387), a bill that would protect consumers from opportunists that claim to provide debt settlement assistance. H.R. 5387 would amend the Consumer Credit Protection Act to provide for regulation of debt settlement services by, among other things, mandating greater disclosure to consumers, limiting fees that debt settlement firms can charge, and providing additional enforcement power to state and federal officials to crack down on abusive and predatory companies. The Gutierrez bill is the House companion to a bill recently introduced by Senator Charles Schumer (D-NY) in the Senate.

"The debt settlement industry practice of misleading and preying on consumers is widespread and simply unconscionable. Companies are taking advantage of consumers when they are at their weakest and the lack of sufficient oversight and regulation from the government is a combination that is a recipe for disaster. I welcome the new FTC rule to address this situation at the regulatory level. At the same time, legislation is needed in order to fully protect consumers of debt relief services and help us crack down on these scam artists. My bill, H.R. 5387, aims to do just that," said Rep. Gutierrez, whose subcommittee has held hearings on the use of credit information and its impact on consumers. He said he plans to address consumer protection issues through comprehensive legislation later in the year.

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